

Washington State Auditor's Office

Audit Report

Pomeroy Conservation District Garfield County

Audit Period
January 1, 1995 through December 31, 1997

Report No. 60361

Issue Date
July 23, 1999



Washington _____
State Auditor

Brian Sonntag

Table of Contents

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

Description of the District	1
Audit Overview	2
Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards	3
Independent Auditor's Report on Supplementary Information and Schedule of Federal Financial Assistance.....	5
Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs.....	6
Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions.....	8
Independent Auditor's Report on Internal Control Structure used in Administering Federal Financial Assistance Programs.....	9
Independent Auditor's Report on Financial Statements and Additional Information	12
Financial Statements	14

Description of the District

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

ELECTED OFFICIALS

These members of the Pomeroy Conservation District served during the audit period:

Board of Supervisors:
Chair

J. D. Brown
Bob Bingman
David Slaybaugh

APPOINTED OFFICIALS

Board of Supervisors:
Vice Chairman

Dick Hastings
James Ruchert

District Manager/Bookkeeper

Duane Bartels

ADDRESS

District

USDA Building
804 Main Street
P. O. Box 468
Pomeroy, WA 99347

Audit Overview

**Pomeroy Conservation District
Garfield County
January 1, 1995 through December 31, 1997**

AUDIT HISTORY

Pomeroy Conservation District is typically audited every three years. We believe the District is committed to maintaining strong financial systems.

CONCLUSIONS

In the areas examined, Pomeroy Conservation District complied with state laws and regulations, its own policies, and requirements of federal financial assistance,.

We appreciate the District's assistance and cooperation during the audit.

Independent Auditor's Report on Compliance and Internal Control over Financial Reporting in Accordance with Government Auditing Standards

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Pomeroy Conservation District
Pomeroy, Washington

We have audited the financial statements of the Pomeroy Conservation District, Garfield County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated September 24, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

COMPLIANCE

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatements, we performed tests of the District's compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. We also performed additional tests of compliance with state laws and regulations as required by *Revised Code of Washington (RCW) 43.09.260*. This statute requires the State Auditor to inquire as to whether the District complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office. Our responsibility is to examine, on a test basis, evidence about the District's compliance with those requirements and to make a reasonable effort to identify any instances of misfeasance, malfeasance or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the District and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with these provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of material noncompliance that are required to be reported herein under *Government Auditing Standards*.

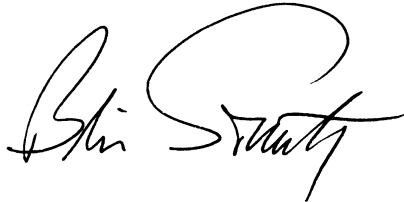
However, we noted certain matters involving noncompliance not significant enough to report as findings that we have reported to management of the District in a separate letter dated May 14, 1999.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting.

Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management, the Chair of the Board of Supervisors and federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

September 24, 1998

Independent Auditor's Report on Supplementary Information and Schedule of Federal Financial Assistance

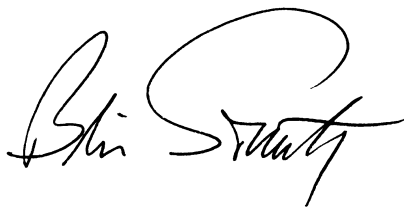
Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Pomeroy Conservation District
Pomeroy, Washington

We have audited the financial statements of the Pomeroy Conservation District, Garfield County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated September 24, 1998. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was made for the purpose of forming an opinion on the financial statements of the Pomeroy Conservation District taken as a whole. The accompanying Schedules of Federal Financial Assistance are presented for purposes of additional analysis and are not a required part of the financial statements. The information in the schedules has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.



BRIAN SONNTAG, CGFM
STATE AUDITOR

September 24, 1998

Independent Auditor's Report on Compliance with the General Requirements Applicable to Federal Financial Assistance Programs

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Pomeroy Conservation District
Pomeroy, Washington

We have audited the financial statements of the Pomeroy Conservation District, Garfield County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated September 24, 1998.

We have applied procedures to test the District's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the Schedules of Federal Financial Assistance, for the years ended December 31, 1996 and 1995:

- Allowable costs/cost principles
- Administrative requirements

The following requirements were determined to be not applicable to its federal financial assistance program:

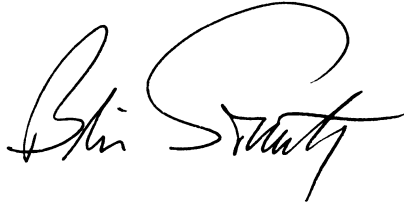
- Political activity
- Davis-Bacon Act
- Civil rights
- Cash management
- Relocation assistance and real property acquisition
- Federal financial reports
- Drug-Free Workplace Act
- Subrecipient monitoring

Our procedures were limited to the applicable procedures described in the Office of Management and Budget's (OMB) *Compliance Supplement for Single Audits of State and Local Governments* or alternative procedures. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with the requirements listed in the preceding paragraph. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe that the District had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public

record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

September 24, 1998

Independent Auditor's Report on Compliance with Specific Requirements Applicable to Nonmajor Federal Financial Assistance Program Transactions

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

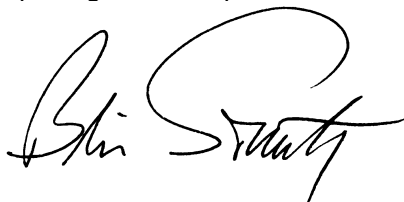
Chair of the Board of Supervisors
Pomeroy Conservation District
Pomeroy, Washington

We have audited the financial statements of the Pomeroy Conservation District, Garfield County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated September 24, 1998.

In connection with our audit of the financial statements of the District and with our consideration of the District's control structure used to administer its federal financial assistance programs, as required by OMB Circular A-128, *Audits of State and Local Governments*, we selected certain transactions applicable to its nonmajor federal financial assistance program for the years ended December 31, 1996 and 1995. As required by OMB Circular A-128, we have performed auditing procedures to test compliance with the requirements governing allowability of the program expenditures that are applicable to those transactions. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the District's compliance with these requirements. Accordingly, we do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to the items not tested, nothing came to our attention that caused us to believe that the Pomeroy Conservation District had not complied, in all material respects, with those requirements.

This report is intended for the information of the audit committee, management, and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



BRIAN SONNTAG, CGFM
STATE AUDITOR

September 24, 1998

Independent Auditor's Report on Internal Control Structure used in Administering Federal Financial Assistance Programs

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Pomeroy Conservation District
Pomeroy, Washington

We have audited the financial statements of the Pomeroy Conservation District, Garfield County, Washington, as of and for the years ended December 31, 1997, 1996 and 1995, and have issued our report thereon dated September 24, 1998.

We conducted our audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, issued by the Comptroller General of the United States, and the provisions of OMB Circular A-128, *Audits of State and Local Governments*. Those standards and OMB Circular A-128 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In planning and performing our audit, we considered the District's internal control structure in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses our consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. We have addressed internal control structure policies and procedures relevant to our audit of the financial statements in a separate report dated September 24, 1998.

The management of the District is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that:

- Assets are safeguarded against loss from unauthorized use or disposition.
- Transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with the prescribed basis of accounting.
- Federal financial assistance programs are managed in compliance with applicable laws and regulations.

Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- **Accounting Controls**
 - Cash receipts
 - Cash disbursements
 - Purchasing
 - Payroll
 - General ledger
- **General Requirements**
 - Allowable costs/cost principles
 - Administrative requirements
- **Specific Requirements**
 - Types of services
- **Claims For Advances And Reimbursements**

For all of the applicable internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation, and we assessed control risk.

The following internal control structure categories were determined to be insignificant to federal financial assistance programs:

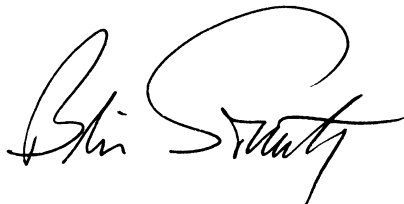
- **Accounting Controls**
 - Receivables
 - Accounts payable
 - Receiving
 - Inventory control
 - Property, plant, and equipment
- **General Requirements**
 - Political activity
 - Davis-Bacon Act
 - Civil rights
 - Cash management
 - Relocation assistance and real property acquisition
 - Federal financial reports
 - Drug-Free Workplace Act
 - Subrecipient monitoring
- **Specific Requirements**
 - Eligibility
 - Matching, level of effort, earmarking
 - Reporting
 - Special requirements
- **Amounts Claimed Or Used For Matching**

During the years ended December 31, 1996 and 1995, the District had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance program: BPA Watershed Programs (CFDA 81.999).

We performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that we considered relevant to preventing or detecting material noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements, and amounts claimed or used for matching that are applicable to the aforementioned nonmajor program. Our procedures were less in scope than would be necessary to render an opinion on these internal control structures policies and procedures. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses, as defined above.

This report is intended for the information of the audit committee, management, and the Chair of the Board of Supervisors and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a large, stylized loop at the end.

BRIAN SONNTAG, CGFM
STATE AUDITOR

September 24, 1998

Independent Auditor's Report on Financial Statements and Additional Information

Pomeroy Conservation District Garfield County January 1, 1995 through December 31, 1997

Chair of the Board of Supervisors
Pomeroy Conservation District
Pomeroy, Washington

We have audited the accompanying statements of Fund Resources and Uses Arising from Cash Transactions of the various funds of the Pomeroy Conservation District, Garfield County, Washington, for the years ended December 31, 1997, 1996 and 1995. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

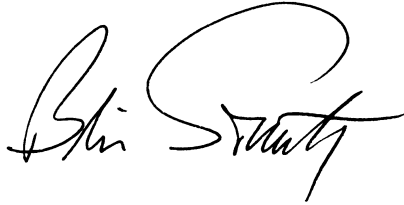
As described in Note 1 to the financial statements, the District prepares its financial statements on the cash basis of accounting that demonstrates compliance with Washington State statutes and the *Budgeting, Accounting and Reporting System* (BARS) manual prescribed by the State Auditor, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the recognized revenues and expenditures of the funds of the Pomeroy Conservation District for the years ended December 31, 1997, 1996 and 1995, on the cash basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 1998, on our consideration of the District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedules of Federal Financial Assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The accompanying Schedules of State Financial Assistance are also presented for purposes of additional analysis. These schedules are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of

the financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the financial statements taken as a whole.

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BRIAN SONNTAG, CGFM
STATE AUDITOR

September 24, 1998

Financial Statements

**Pomeroy Conservation District
Garfield County
January 1, 1995 through December 31, 1997**

FINANCIAL STATEMENTS

Resources and Uses Arising from Cash Transactions – 1997
Resources and Uses Arising from Cash Transactions – 1996
Resources and Uses Arising from Cash Transactions – 1995
Notes to the Financial Statements – 1997
Notes to the Financial Statements – 1996
Notes to the Financial Statements – 1995

ADDITIONAL INFORMATION

Schedule of State Financial Assistance – 1997
Schedule of State Financial Assistance – 1996
Schedule of State Financial Assistance – 1995
Notes to the Schedule of Financial Assistance – 1997, 1996 and 1995
Schedule of Federal Financial Assistance – 1996
Schedule of Federal Financial Assistance – 1995
Notes to the Schedule of Financial Assistance – 1996 and 1995